

PRESS DEPARTMENT OF STATE



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JOINT STATE-TREASURY RELEASE

LONG TERM AGREEMENT BETWEEN THE US AND THE USSR TO FACILITATE ECONOMIC, INDUSTRIAL AND TECHNICAL COOPERATION

Today's Long-Term Agreement Between the USA and the USSR to Facilitate Economic, Industrial and Technical Cooperation is consistent with the US objective of encouraging the longer-term expansion and more balanced growth of US-Soviet trade. The agreement, which is to remain in force for ten years, establishes a broad framework for exchanging information and views on important economic undertakings between the two countries, and for encouraging discussions on potential cooperation projects between private US firms and Soviet foreign trade and other organizations. Although similar in substance and intent to other long-term economic cooperation agreements concluded by many Western industrial nations with the Soviet Union, provision in the US agreement with the USSR for an annual exchange of economic information and for a series of business facilitation measures are believed to be unique in agreements of this kind. The Joint US-USSR Commercial Commission, established pursuant to the communique of May 26, 1972, will monitor the implementation of the agreement.

The long-term agreement is intended to complement the Agreement on Trade concluded by the United States and the Soviet Union on October 18, 1972. The Administration remains fully committed to bringing the 1972 trade agreement into force by obtaining the authority to grant non-discriminatory tariff treatment to the USSR. The long-term agreement does not represent any change in the existing system of carefully screening all transactions to ensure that American goods and technology will be exported solely for peaceful purposes.

TRADE AND LONG-TERM COOPERATION

US-Soviet trade has developed rapidly since the trade agreement and the lend lease accord were concluded in October 1972. Bilateral trade in 1973 totaled \$1.4 billion, and trade exchanges in 1974 are likely to approximate last year's high level. The two countries are well on their way to surpassing the goal announced in the June 1973 summit communique of achieving a total trade turnover of \$2-3 billion during the three-year period 1973-1975.

Over the longer term, US machinery and equipment exports to the Soviet Union are expected to grow substantially. The USSR is seeking US equipment to help implement large development projects currently being considered for inclusion in its new Five Year Plan. It has particularly singled out cooperative long-term ventures with US firms, i.e., transactions in which exports of US equipment would be repaid in products of the new facilities, as offering the best chance for large, continuing growth in US-Soviet trade.

For further information contact:

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Over the past two years, industrial contracts between US firms and Soviet organizations have totaled about \$800 million, and will continue to generate substantial US exports in the years ahead. Exports of US machinery, in large part accounted for by deliveries to the Kama Truck plant, will increase from \$200 million in 1973 to perhaps \$300-400 million this year. The recently approved Eximbank loan for the Occidental fertilizer project will support \$400 million in US exports over the next few years. And five other large contracts will result in an additional \$200 million in US exports to the USSR. US firms and Soviet organizations are currently exploring or negotiating long-term contracts in such diverse areas as automotive production, extraction and processing of high energy consuming minerals, oil and gas development, electronics, chemicals, timber products, consumer goods production, and the improvement of tourist facilities. The long term economic cooperation agreement should help further to define and broaden areas for mutually beneficial long-term cooperation in the future between US companies and Soviet organizations.

MAIN PROVISIONS

Long Term Cooperation

The agreement provides that both governments will use their good offices to facilitate the purchase and sale of machinery and equipment for the construction, modernization and expansion of production facilities in the two countries; trade in raw materials, agricultural products, finished products and consumer goods and services; and the purchase, sale, and licensing of patent rights and proprietary industrial know-how, designs and processes. It also provides for cooperation in the training and exchange of specialists, and for joint efforts, through the export of machinery and equipment, in the construction of industrial and other facilities in third countries. The economic undertakings foreseen by this agreement are not limited to long-term, large-scale projects; shorter-term transactions by small and medium sized US firms are also encouraged. It is also anticipated that the USSR will enter into new cooperation projects in the United States.

Information Exchange

A most important provision of the agreement provides for a working group of national experts to meet annually to exchange data and forecasts on basic economic, industrial and commercial trends in the two countries. These regular information exchanges should assist US firms and Soviet foreign trade and other economic organizations in determining the fields of cooperation most likely to provide a basis for mutually beneficial contracts, and in facilitating their long-term business and economic planning. The first meeting of these experts is expected to take place before the end of this year.

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Business Facilitation

To help promote long-term economic cooperation between the two countries, the agreement also provides that each party undertake to facilitate the working and operating conditions of business representatives of the other on its territory. Article 4 of the agreement, therefore, notes that both parties will facilitate, as appropriate, the acquisition of suitable business and residential premises for commercial firms and organizations and their employees, the import of essential office equipment and supplies, the hiring of staffs, the issuance of visas, and the travel by commercial representatives for business purposes.

Seventeen US firms have now received Soviet accreditation to open offices in Moscow, and more than half of them have already done so. With the long-term expansion of trade and economic relations foreseen by this agreement, additional US firms are likely to seek such accreditation in the future. The construction of an international trade center complex in Moscow, in which US firms are participating, will add significantly to the commercial facilities available to American and other foreign companies in the USSR.

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LONG TERM AGREEMENT
BETWEEN
THE UNITED STATES OF AMERICA AND
THE UNION OF SOVIET SOCIALIST REPUBLICS
TO FACILITATE ECONOMIC, INDUSTRIAL, AND TECHNICAL COOPERATION

The United States of America and the Union of Soviet Socialist Republics,

Desiring to promote continuing orderly expansion of economic, industrial, and technical cooperation and the exchange of relevant information to facilitate such cooperation between the two countries and their competent organizations, enterprises, and firms on a long term and mutually beneficial basis,

Guided by the Basic Principles of Relations between the United States of America and the Union of Soviet Socialist Republics of May 29, 1972, the Joint American-Soviet Communiqué of June 24, 1973, and the principles set forth in the Agreement between the Government of the United States of America and the Government of the Union of Soviet Socialist Republics Regarding Trade dated October 18, 1972,

Have agreed as follows:

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ARTICLE I

The Parties shall use their good offices to facilitate economic, industrial, and technical cooperation in keeping with established practices and applicable laws and regulations in the respective countries.

ARTICLE II

Cooperation which shall be facilitated as contemplated in Article I shall include:

- a. purchases and sales of machinery and equipment for the construction of new enterprises and for the expansion and modernization of existing enterprises in the fields of raw materials, agriculture, machinery and equipment, finished products, consumer goods, and services;
- b. purchases and sales of raw materials, agricultural products, finished products, consumer goods, and services;
- c. purchases, sales and licensing of patent rights and proprietary industrial know-how, designs, and processes;
- d. training of technicians and exchange of specialists; and
- e. joint efforts, where appropriate, in the construction of industrial and other facilities in third countries, particularly through supply of machinery and equipment.

ARTICLE III

In order to assist relevant organizations, enterprises, and firms of both countries in determining the fields of cooperation most likely to provide a basis for mutually beneficial contracts, a working group of experts convened by the Commission mentioned in Article 5 shall meet not less frequently than once a year to

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exchange information and forecasts of basic economic, industrial, and commercial trends.

ARTICLE IV

To promote the cooperation foreseen in this Agreement the Parties undertake to facilitate, as appropriate, the acquisition or lease of suitable business and residential premises by organizations, enterprises, and firms of the other party and their employees; the importation of essential office equipment and supplies; the hiring of staffs; the issuance of visas, including multiple entry visas, to qualified officials and representatives of such organizations, enterprises, and firms and to members of their immediate families; and travel by such persons for business purposes in the territory of the receiving country.

ARTICLE V

The US-USSR Commercial Commission established pursuant to the Communiqué of May 26, 1972, is authorized and directed to monitor the practical implementation of this Agreement, when necessary jointly with other American-Soviet bodies created by agreement between the Governments of the two countries, with a view to facilitating the cooperation contemplated in this Agreement.

ARTICLE VI

This Agreement shall enter into force on the date of its signature, and shall remain in force for 10 years.

The Parties shall agree not later than six months prior to the expiration of the above period upon measures which may be necessary to facilitate further development of economic, industrial, and technical cooperation.

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DONE at Moscow on 1974, in duplicate, in the
English and Russian languages, both texts being equally authentic.

FOR THE UNITED STATES
OF AMERICA:

FOR THE UNION OF SOVIET
SOCIALIST REPUBLICS: